

California Partnership for the San Joaquin Valley
Economic Development Work Group
Strategic Action Proposal
October 2006

I. Mission Statement

The mission of the Economic Development Work Group is to implement creative and collaborative solutions to region-wide infrastructure challenges, focusing on the growth of target industries with comparative advantages, and promote the region as a business and tourist destination.

II. Background

A. Scope Adopted by Partnership

Innovation and Entrepreneurship Development

- Develop the region's "knowledge infrastructure" (network of specialized experts) to provide technical and business expertise for new firm formation.
- Create an Environmental Technology Investment Fund
- Identify opportunities to develop and launch incubators and research parks.
- Recognize the importance and relationship of transportation improvements and human capital (workforce development) for other economic development opportunities.
- Consider economic opportunities presented by region's arts and culture assets.
- Consider development of a regional marketing program.

Competitiveness of Target Industries

- Identify 3-5 target industries and related international trade opportunities.
- Identify emerging industries and opportunities for economic development.
- Develop region-wide industry networks connected to target industries.
- Identify top opportunities/challenges and develop industry-driven action plans.
- Analyze economic opportunities related to neighbor regions.

Infrastructure and Incentive Programs

- Develop parameters of "best practices" infrastructure investment and incentive programs.
- Evaluate existing tools and programs offered by the state and federal governments relative to "best practices" and develop recommendations for the most efficient and effective use of public resources.
- Develop an action plan to modify, eliminate and/or create the infrastructure investment and incentive programs most needed in the region. Consider a region-wide "investment zone."

Renewable Energy

- Join forces with the Federal Interagency Task Force's "Clean Air/Clean Energy" work group.
- Conduct an audit of renewable energy programs and experts in the region to assemble a leadership team.

- Review the relevant March 2003 Great Valley Center publication and advance the recommendations in the report: (a) craft a regional strategy; (b) encourage market development; (c) streamline local planning and permit processes; (d) provide capital incentives; and (e) influence state policy.

Through the work group meetings and public forums, additional elements were added to the Economic Development Work Group scope of work, including:

- Tourism Promotion – Develop a region-wide tourism strategy leveraging the work of the Central Valley Tourism Association, the California State Parks, the Great Valley Center, and individual tourism promotion efforts by each county.
- Development of Region-Wide Organization for Economic Development – Using the Central California Economic Development Corporation as the base, develop a region-wide economic development organization responsible for marketing the region.

B. Introduction

The Economic Development Work Group recognizes that the factors contributing to the Valley's current economic conditions are numerous, complex and interdependent. The Work Group has assumed a broad definition of "economic development" in the drafting of its recommendations. The recommendations are aimed at specific issues that hinder economic growth and/or projects that will help realize latent economic opportunities.

III. Goals and Objectives

A. Narrative

Overall Metrics: The broad, 10-year success measurements adopted for the Economic Development Work Group include:

- Increase in per capita income and median household income;
- Decrease in unemployment rates;
- Decrease in the percent of families living below the poverty line;
- Increase in agricultural production and crop value;
- Increase in job growth in target industries;
- Increase in new business start ups;
- Increase in venture capital investments;
- Increase in issuance and licensing of patents; and
- Increase in tourism spending.

1. Goal 1: Facilitate investments in infrastructure and incentives that support the economic vitality of the region.

a. Objectives

- **Objective A: Establish a regional financing authority for infrastructure, including water and sewer.**

A significant bottleneck to economic expansion identified in the San Joaquin Valley is sewer and water infrastructure capacity. Communities are struggling to maintain and expand their facilities. There is an opportunity to create facilities that leverage resources and serve multiple jurisdictions. A condition could be placed on the funds that requires collaboration among jurisdictions in order to access the funds.

- **Objective B: Establish a region-wide incentive zone.**

Economic development practitioners in the region report that existing state incentive programs, such as the Enterprise Zone, have been extremely helpful in promoting business expansion, retention and attraction. Establishing a region-wide incentive zone and broadly communicating the availability of such a zone would increase the economic base and help distinguish the region as a “hot spot” for business expansion in California.

- **Objective C: Develop and resource a region-wide organization for marketing the region.**

The San Joaquin Valley is extremely under-resourced when it comes to promotion of the region for economic development. The Central California Economic Development Corporation (CCEDC) is organized to market the six-county region from Merced County south to Kern County. Leaders from the Stanislaus Alliance and San Joaquin Partnership have expressed a willingness to re-engage with the CCEDC, which would make the organization representative of the entire region. The organization needs to be significantly resourced to increase outreach efforts, particularly given the positive changes that are on the horizon for the San Joaquin Valley.

2. Goal 2: Align region-wide economic development efforts in support of target industry clusters.

a. Objectives

- **Objective A: Create region-wide networks of industry clusters to facilitate expansion of target industries.**

Use the industry cluster approach to bring alignment among economic and workforce development entities, universities, community colleges and professional services providers throughout the region. The target industry clusters are (1) Agribusiness, including Food Processing, Agricultural Technology, and Biotechnology; (2) Manufacturing; (3) Supply Chain Management and Logistics; (4) Health and Medical Care; and (5) Renewable Energy.

3. Goal 3: Create a dynamic, entrepreneur-producing economic climate in the San Joaquin Valley.

a. Objectives

- **Objective A: Create the “Entrepreneurship Opportunity Fund” to support entrepreneurship development through business incubators, development of**

risk capital and expansion of small business support programs.

Create a dynamic, entrepreneur-producing economic climate in the San Joaquin Valley by developing a robust infrastructure and seed funding for new business formation and growth, including the launch of new incubators; establishing and growing formal angel investment groups, double-bottom line investment funds, mezzanine funds like the Central Valley Fund, and early stage venture funds; and the expansion of small business support programs, such as the Small Business Development Center network, Pacific Community Ventures, and others. Focus the entrepreneurship supportive infrastructure on emerging opportunities like renewable and innovative energy sources.

4. Goal 4: Accelerate the deployment and adoption of renewable and clean energy in the San Joaquin Valley.

a. Objectives

- **Objective A: Establish a regional energy office.**

Given the region's environmental challenges and access to natural resources (i.e. dairy waste, ag waste, solar, wind), economic development practitioners, university officials, and clean air advocates have identified Renewable Energy as an emerging economic opportunity. However, there is limited technical capacity in the region to support the development of the emerging opportunity. The regional energy office would serve as a central source of information, technical support and applied research to help businesses and local government develop and deploy clean energy solutions. Please see the Air Quality Work Group recommendations for more information on this recommendation.

- **Objective B: Work with state officials to remove administrative barriers to clean energy deployment.**

The need to remove administrative barriers to clean energy deployment was heard fairly consistently through the Partnership's public forums in each San Joaquin Valley county. Initial suggestions of administrative relief were made, but a more thorough investigation needs to be conducted to determine precise recommendations to make to the State.

5. Goal 5: Promote the San Joaquin Valley as a tourist destination.

a. Objectives

- **Objective A: Establish the Central Valley Tourism Association as the lead organization responsible for overseeing the tourism component of the California Partnership for the San Joaquin Valley plan.**

The Central Valley Tourism Association (CVTA) is the recognized leader in the tourism and destination marketing industry for the Central Valley as designated by the State of California Travel & Tourism Commission. Working on a minimal budget, this all-volunteer organization has made great strides in bringing together Valley Destination Marketing Organizations (DMOs), Chambers of Commerce, attractions and others with a vested interest in the tourism industry to collaborate

on valley-wide tourism promotion. Due to the fact that CVTA has existing infrastructure, long-standing relationships in the Valley, and members with extensive cumulative experience in the tourism industry, it is proposed that the CVTA be the lead organization creating and implementing the tourism portion of the California Partnership for the San Joaquin Valley's Economic Development program.

In the first year, CVTA will establish a task force that will be responsible for developing a tourism marketing plan for the San Joaquin Valley. Initial members of the task force will include representatives from the Central Valley Tourism Association, High Sierra Tourism Association, Economic Development Work Group of the California Partnership for the San Joaquin Valley, California's Main Street, Fresno Regional Jobs Initiative, and the Great Valley Center, as well as representatives from other Valley DMOs. Ex-officio members will include the California Travel & Tourism Commission, CalTrans and the State Parks. The task force will secure seed grants and hire staff to oversee the proposed programs.

Within two to three years, the CVTA membership will be expanded and additional grants for marketing plan implementation will be secured. Within four to six years, the effort will achieve self-sufficiency through increased membership and funding opportunities.

- **Objective B: Establish a comprehensive marketing plan for the 8-county region that includes a "Highway 99" campaign as part of the overall strategy.** Highway 99's limited capacity and poor quality has been a liability for the Valley and the state, but a commitment from the Schwarzenegger Administration to invest \$6 billion on Highway 99 over ten years will convert the highway to an asset. All at-grade crossings will be eliminated; it will be widened to 6 or 8 lanes throughout the 274 mile length from Bakersfield to Sacramento; interstate designation will be pursued; state-of-the-art rest stops will be installed; and beautification will be advanced.

The proposed Highway 99 campaign strategy is intended to help travelers enjoy the many tourism assets of the Valley via easy access from *California's Main Street*. These assets will be grouped for easy identification by tourists. Such groupings may include:

- Cultural and Heritage Trail
- Food and Wine Trail (or Ag Tourism Trail)
- Eco-tourism Trail
- Parks and Outdoor Recreation Trail
- Fun Attractions Trail

Within the first year, the following will be accomplished:

- Inventory all tourism assets in the Valley.
- Determine the market segments we wish to attract to the Valley and how/where to best reach them.

- Refine branding strategy, focused on target market.
- Begin development on a Valley wide marketing plan including a Highway 99 specific marketing campaign as recommended by the task force.
- Explore connection to national “Main Street” organization.
- Participate on a Valley-wide basis in tourism trade shows.
- Establish baseline data for visitation to the San Joaquin Valley.

Within two to three years, the following will be accomplished:

- Implement the marketing plan including the Highway 99 campaign.
- Produce accompanying marketing materials and initiate display at key locations.
- Install valley-wide signage.
- Expand the “buy-in” by corporations, partnerships and private businesses.
- Create “Highway 99” web-site.
- Monitor success of the marketing campaign.

Within four to six years, the following will be accomplished:

- Develop and produce a “made for travel channel” video and place advertisement for feeder markets.
- Continue monitoring program effectiveness through travel related growth measures.

B. At-A-Glance Matrix

Economic Development

Mission Statement

Implement creative and collaborative solutions to region-wide infrastructure challenges, focus on the growth of target industries with comparative advantages, and promote the region as a business and tourist destination.

Indicators: Increase in per capita income and median household income. Decrease in unemployment rate. Decrease in percentage of families below the poverty line. Increase in agricultural production and crop values. Increase in job growth in target industries. Increase in new business start-ups. Increase in venture capital investments. Increase in issuance and licensing of patents. Increase in tourism spending.

Immediate Actions (First Year)	Short Term Actions (2-3 Years)	Intermediate Actions (4-6 Years)	Long-Term Actions (7-10 Years)	Responsible Implementer
Goal 1: Facilitate investments in infrastructure and incentives that support the economic vitality of the region.				
Objective A: Establish a regional financing authority for infrastructure, including water and sewer infrastructure.				
Complete a white paper within the next 12 months that outlines the options for the financing authority. Retain public financing expertise to inform the development of the white paper. Convene an ad hoc sub-group comprised of leaders in the region with knowledge of regional infrastructure projects to serve as the steering committee for the development of the white paper. Include in the white paper the recommended steps and timeline for each to launch the financing authority.	Broadly distribute the white paper throughout the region. Conduct a series of meetings and workshops with key stakeholders in each sub-region of the San Joaquin Valley. At the end of Year Three, reach consensus on the best model for the financing authority and the path to implement the authority, including securing seed funding from individual jurisdictions to launch the authority.	Hire professional staff. Complete the legal and technical requirements for establishing the financing authority.	Financing authority is operational and serving the region.	Project Steering Committee - Sub-group of Partnership Economic Development Work Group.

Objective B: Establish a region-wide incentive zone.				
Fully define the elements of the region-wide incentive zone, including identification of specific incentives, costs associated with the incentives, sources of funding, reliable methods of tracking the results of the incentive zone, and defining administration procedures. Convene an ad hoc sub-group comprised of major stakeholders and experts in the region to develop the report.	Broadly disseminate the findings of the report developed in the first year to economic development, city, county, and business leaders and legislators. Work with the Valley delegation to advance the legislation needed to establish the region-wide zone.	(Assumes the legislative effort is successful) Develop a comprehensive internal and external communications plan to promote the availability of the region-wide incentive zone. Promote and closely track the results of the incentive zone.	Continued promotion and tracking of the incentive zone. Conduct a comprehensive audit of the results of the incentive zone.	Project Steering Committee - Sub-group of Partnership Economic Development Work Group.
Objective C: Develop and resource a region-wide organization for marketing the region.				
Secure funds. Develop region-wide marketing strategy.	Execute the marketing strategy. Evaluate results.	Ongoing marketing of the region.	Ongoing marketing of the region.	CCEDC, Stanislaus Alliance, San Joaquin Partnership

Goal 2: Align region-wide economic development efforts in support of target industry clusters: (1) Agribusiness, including Food Processing, Agricultural Technology, and Biotechnology; (2) Manufacturing; (3) Supply Chain Management and Logistics; (4) Health and Medical Care; and (5) Renewable Energy.

Objective: Create region-wide networks of industry clusters to facilitate expansion of target industries.

Develop the “soft infrastructure” for supporting the cluster groups (or “regional trade associations”). Identify existing cluster networks that exist at the sub-regional level (e.g. Supply Chain Management trade association in Kern County, Manufacturers Council in San Joaquin/Stanislaus/Merced Counties, RJI clusters in Fresno Area, etc.). Identify lead agencies for convening each industry cluster. Develop region-wide databases for each cluster. Engage universities and community colleges and identify faculty with specific expertise and research interest in each cluster. Organize initial, region-wide meeting for each cluster. Identify priorities for collaborative action for each cluster. Compile existing data regarding the size and strength of the clusters to serve as benchmark information.	Early implementation of the cluster action plans. Develop university-industry research and incubation projects. “Root” the cluster organizations within existing organizations and/or develop sustainable funding for the clusters.	Complete execution of cluster action plans. Ongoing support for the network of clusters. Analysis of the clusters to determine changes in benchmark data.	Re-evaluation and re-invention of cluster networks to ensure the networks are adequately supported and generating the growth anticipated. Analysis of clusters to determine changes in size and strength.	Economic development organizations, business organizations and/or universities
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Goal 3: Create a dynamic, entrepreneur-producing economic climate in the San Joaquin Valley.				
Objective: Create the "Entrepreneurship Opportunity Fund" to support entrepreneurship development through incubators, risk capital and small business support programs.				
Collect benchmark data on rate of business start-ups, risk capital investment activity, and small business loan activity from SBDC counseling. Compile a list of existing support services for start-up companies (e.g. Economic Gardening program in Kern County, Central Valley Business Incubator in Clovis, Lyles Center for Innovation and Entrepreneurship at Fresno State, water technology incubator at Fresno State) and organizations interested in developing support programs for entrepreneurs (e.g. proposed incubator at UOP,CSU Stanislaus). Convene those organizations and develop an action plan for developing a sustainable funding source for business incubators and entrepreneurship support ("Entrepreneurship Opportunity Fund"). Conduct venture capital workshops in at least two sub-regions in the Valley. Identify a private-sector partner(s) to develop an early-stage venture fund in the region. Complete the feasibility work for a double-bottom line fund in the region. Secure grant funding to expand the Small Business Development Center programs.	Secure funding for the Entrepreneurship Opportunity Fund. Launch at least one new incubator program. Investigating working with Golden Capital Network to establish two angel groups in the region using the "hub and spokes" model developed by GCN. Continue awareness building on venture capital with additional workshops in the region. Work with private sector partner(s) to launch early-stage venture fund in the region. Launch a double-bottom line fund. Publish a report on stimulating the "entrepreneurship economy" in the San Joaquin Valley.	Launch two additional incubator programs. Establish additional angel group, thereby connecting the entire region to angel investment funds. Launch additional double-bottom line fund in another part of the region. Analyze indicators of entrepreneurial activity to determine if efforts have been effective.	Re-evaluation and re-invention of entrepreneurship support mechanisms. Adjust and re-invigorate efforts as needed. Analyze indicators of entrepreneurial activity. Publish updated report on the "entrepreneurship economy" in the San Joaquin Valley.	Project Steering Committee - Sub-group of Partnership Economic Development Work Group (include SBDCs, university entrepreneurship centers, incubators, Pacific Community Ventures, Central Valley Fund).

Goal #4: Accelerate the deployment and adoption of renewable and clean energy in the San Joaquin Valley.				
Objective A: Establish a regional energy office.				
<i>See Air Quality Work Group Recommendations</i>				
Objective B: Work with state officials to remove administrative barriers to clean energy deployment.				
Recruit team of experts and stakeholders to champion the effort. Identify and prioritize barriers to deployment. Develop recommendations and strategies for removing barriers.	Implement plans to remove the barriers. Outreach to agricultural and other stakeholders.	Ongoing.	Ongoing.	Project Steering Committee - include Farm Bureaus, agency and industry representatives.
Goal #5: Promote the San Joaquin Valley as a tourist destination.				
Objective A: Establish the Central Valley Tourism Association as the lead organization responsible for overseeing the tourism component of the Partnership action plan.				
Establish a task force that will be responsible for developing a tourism marketing plan for the SJ Valley. Secure seed grant. Hire staff to oversee proposed programs.	Expand CVTA Membership Recruitment Effort; Apply for additional grants for marketing plan implementation	Achieve self-sufficiency through increased membership and funding opportunities.	Ongoing efforts to expand regional tourism collaborative.	Central Valley Tourism Authority
Objective B: Establish a comprehensive marketing plan for the 8-county region that includes a "Highway 99" campaign as part of the overall strategy.				
Inventory all tourism assets in the Valley; Determine the tourism customers we wish to attract to the Valley and how/where to best reach them; Refine branding strategy, focused on target market; Begin development on a valley wide marketing plan including a Hwy 99 specific marketing campaign as recommended by the task force; Explore connection to national "Main Street" organization; Valley-wide participation in tourism trade shows; Establish baseline for visitation to the San Joaquin Valley.	Implement the marketing plan including the Highway 99 campaign. Produce accompanying marketing materials and initiate display at key locations. Install valley-wide signage. Expand the "buy-in" by corporations, partnerships and private businesses. Create "Highway 99" web-site. Monitor success of the marketing campaign.	Develop and produce a "made for travel channel" video and place advertisement for feeder markets. Continue monitoring program effectiveness through travel related growth measures.	Ongoing implementation of region-wide tourism marketing plan.	Central Valley Tourism Authority

IV. Resources for Implementation

A. Existing Resources

The opportunity to leverage existing resources and organizations to implement the above recommendations is fairly significant. For instance, the proposed regional financing authority would exist to fund multi-jurisdictional facilities and avoid expensive duplication of infrastructure. The institutional homes for the cluster networks could include any number of existing organizations from economic development corporations, universities, and existing regional trade associations. The proposed Regional Energy Office would be funded through increasing the amount of public goods charges that currently leave the San Joaquin Valley. The regional tourism strategy would help leverage tourism promotion dollars that are already being spent by each county. The regional marketing program would be carried out by an existing organization, the Central California Economic Development Corporation, with the addition of the two northern county economic development organizations.

B. Additional Resources

Despite every attempt to leverage existing resources, there will be a need for additional resources to fund the implementation of the Economic Development Work Group Plan. The following represents an estimate of the additional resources that would be needed to seed the recommendations. Please note that the table below is not a total picture of investments needed/generated by each recommendation. Rather, it is simply an estimate of investment needed to launch the efforts.

* = New Resources Needed

Recommendation	First 12 Months	Years 2-3	Years 4-6	Years 7-10	Total
Regional Financing Authority	\$125,000* planning funds	\$100,000* (\$50,000 each year) for final planning	Partner jurisdictions fund the start-up of the authority by Year Four		\$225,000
Region-Wide Incentive Zone	\$100,000* planning efforts	\$100,000* (\$50,000 each year) to complete legislative process			\$200,000
Regional Marketing for Business Recruitment	\$100,000* (strategy & planning)	\$150,000* (initial implementation – create funding base)	Self-supported by year 4		\$250,000
Cluster Networks	\$125,000* planning funds	\$500,000* (\$50,000 per cluster per year) to stabilize clusters	Self-supported by Year 4	Self-supported	\$625,000

Entrepreneurship Opportunity Fund	\$525,000 (\$125,000* planning for EOF; \$400,000* needed for SBDC match)	\$1,800,000* (\$500K from Entrepreneurship Opportunity Fund; \$400,000* for SBDC match)	\$2,700,000 (\$500K for Entrepreneurship Opportunity Fund; \$400,000 for SBDC match)	\$3,600,000 (\$500K for Entrepreneurship Opportunity Fund; \$400,000* for SBDC match)	\$8,625,000
Renewable Energy	(See Air Quality Group)	(See Air Quality Group)	(See Air Quality Group)	(See Air Quality Group)	
Tourism	\$125,000* (strategy & planning)	\$125,000* (seed money to develop organization and funding)	Self-supported by year 4		\$250,000
Total	\$1,100,000	\$2,775,000	\$2,700,000	\$3,600,000	\$10,175,000*

V. Status Report

When he created the California Partnership for the San Joaquin Valley, the Governor insisted that its work be focused on actionable strategies that could improve the economic vitality of the region. This action plan builds from the quality work already taking place in the region, but recommends scaling the efforts to make maximum impact on the San Joaquin Valley. Even in the last twelve months, progress has been made on many of the recommendations in the plan.

- Establishing a region-wide organization for business recruitment – The Central California Economic Development Corporation is comprised of the six economic development organizations from Kern County to Merced County. Progress has been made on extending the scope of the organization to include Stanislaus and San Joaquin Counties.
- Region-wide networks of industry clusters - An impressive network of industry clusters already exists in various sub-regions in the San Joaquin Valley. For example, a supply chain management organization supports logistics businesses in Kern County. The Manufacturers Council of the Central Valley is a trade association of manufacturers and food processors in the northern part of the region. The Hospital Council is comprised of the Valley's acute health care facilities. Manufacturing, health care, food processing, and logistics clusters have been formed in the Fresno area.
- Entrepreneurship development - The network of entrepreneurship support programs is growing rapidly in the San Joaquin Valley. Resources such as the Lyles Center for Innovation and Entrepreneurship at Fresno State, the Central Valley Business Incubator, Pacific Community Ventures, economic gardening efforts in Kern County, the Central Valley Fund, and the Small Business Development Center offices are examples of programs that exist to support entrepreneurs in the region. In addition, the University of the Pacific is developing a business incubation program. Business and education leaders in the Stanislaus area are also investigating a business incubator program.
- Regional Energy Office – The Economic Development Work Group has been working with representatives from the Air Quality Work Group to develop concepts for the regional energy

office. Several working documents have been developed, and initial fundraising efforts have commenced.

- Regional Tourism Strategy – Representatives from the California Partnership have had several working sessions with leaders of the Central Valley Tourism Association and the California Travel and Tourism Commission to develop recommendations for a regional tourism strategy. A tourism summit is being planned to help jump start the recommendations.